

# **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

## **MEETING OF DIRECTORS**

### **PUBLIC SESSION**

**OCTOBER 25, 2010**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, October 25, 2010, in Public Session, at 4:00 p.m., at the offices of the Rhode Island Economic Development Corporation located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island, pursuant to notice of the meeting to all Directors, and public notice of the meeting, a copy of which is attached hereto, as required by the By-Laws of the Corporation and applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Donald L. Carcieri, Mr. Alfred Verrecchia, Mr. Karl Wadensten, Mr. Daniel Sullivan, Mr. Shivan Subramaniam, Mr. Lynn Singleton, Mr. Paul Choquette, Mr. George Nee, Dr. Timothy Babineau, Ms. Donna Cupelo, Dr. David Dooley and Mr. Stephen Lane.

Director absent: Ms. Cheryl Snead.

Also present were: Executive Director Keith Stokes and Attorney Robert I. Stolzman.

Governor Carcieri presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

#### **1. CALL TO ORDER**

Governor Carcieri called the meeting to order at 4:05 p.m.

#### **2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON SEPTEMBER 27, 2010**

Upon motion duly made by Mr. Verrecchia and seconded by Dr. Babineau, the following vote was adopted:

**VOTED:** To approve the public session minutes of the meeting held on September 27, 2010.

Voting in favor of the foregoing were: Mr. Verrecchia, Mr. Wadensten, Mr. Sullivan, Mr. Subramaniam, Mr. Singleton, Dr. Babineau, Mr. Choquette, Mr. Nee, Ms. Cupelo, Dr. Dooley and Mr. Lane.

Voting against the foregoing were: None.

### **3. EXECUTIVE DIRECTOR'S REPORT**

A copy of the Executive Director Keith Stoke's report is attached at **Exhibit A**. Mr. Stokes announced that, in accordance with the Corporation's Realignment Plan, the first open Senior Management position has been filled. He introduced Ms. Judy Chong, who will lead the Communications division. Director Stokes noted that he is in the process of interviewing candidates for other senior management positions, and thanked the Board members for their expertise and cooperation regarding the realignment.

Mr. Stokes announced that he, along with members of the EDC's financial services team, will be presenting at the first in a series of financial services forums with the Northern Rhode Island Chamber of Commerce on October 28. The purpose of the forums is to proactively make businesses aware of the several financing options afforded by the EDC, including the newly created Job Creation Guaranty Program.

Mr. Stokes noted that at the last Board meeting he would provide a copy of the Rules and Regulations adopted for the Renewable Energy Development Fund and a summary of how the fund has been used to date, both of which are included in these minutes at **Exhibit B**.

The EDC has been quite active with the Marine Trades sector. Mr. Stokes noted that the America's Cup Planning Committee will be meeting again next week to further discuss plans for the preliminary race events in 2012. He explained that the BMS/Oracle team has officially requested that Newport submit a plan for hosting these events. The Committee has an RFP out for the design and engineering work on the waterfront side of Fort Adams State Park. Mr. Stokes stated that the ultimate goal of improving Fort Adams is to create a world class venue for all types of events.

Mr. Stokes explained that by the end of 2010 the BMW/Oracle team will announce its final determination of the venue for the 2013 America's Cup races, as well as where the 2011 and 2012 preliminary races will be held. He noted further that it is expected that the 2011 venue will be in Europe and the 2012 venue will be in the United States, with Newport a strong candidate.

There will be more syndicates participating in the preliminary races than in the final races, and the next series will be much larger than the last time the America's Cup races were held in Newport in 1983. In addition, Mr. Stokes noted that the first leg of races may be held "in harbor", making the races more visible to spectators. Governor Carcieri commented on the huge economic impact the races can have on the state.

Mr. Stokes reported that the America's Cup Planning Committee has already hired site evaluation services. He explained that the planning is a "work in progress", as the BMW/Oracle team continues to determine what its needs will be. He explained that after the site is announced there will be 6 – 8 months of negotiating the final plans with

BMS/Oracle. Governor Carcieri noted that the legislature has been involved in this planning by having members sit on the committee. Mr. Stokes stated that he would keep the Board apprised of developments as they occur.

4. **FOR RENEWABLE ENERGY DEVELOPMENT FUND APPROVAL FOR TORAY PLASTICS**

Mr. Julian Dash reviewed the rules and regulations of the Renewable Energy Development Fund and the report on how the fund has been used to date (See **Exhibit B**). He explained that the only fund which has a time requirement for spending is the RI Business Energy Assistance Program ("ARRA").

Mr. Dash introduced Mr. Shigeru Osada, Senior Vice President, Engineering and Maintenance, for Toray Plastics (America), Inc. ("Toray"), and Mr. Steve Kerr, Mechanical Engineer for Toray. He explained that Toray is one of the largest companies in Rhode Island and, as such, is one of the largest users of energy in Rhode Island. The company is located at Quonset Point in North Kingstown, and has already made \$750 million worth of improvements at its Quonset facility. The proposed request of the Renewable Energy Development Fund ("REDF") is one of the largest investments requested of the REDF as yet. Toray is looking for assistance with its installation of a 375 KW Solar PV system, which is expected to reduce its electricity expense by about \$50,000 annually.

Mr. Choquette, noting that Toray has received two preliminary bids for the design and installation of this project, one from a Rhode Island company and one from a Connecticut company, commented that he would like to see a Rhode Island company do the work for this project.

Mr. Stolzman noted that the proposed resolution for this matter would be amended to state that the grant being requested from the Rhode Island Business Energy Assistance Program would be subject to final approval of the program from the Governor's Office of Energy Resources.

There being no further discussion regarding this matter, upon motion duly made by Dr. Dooley and seconded by Mr. Wadensten, the following vote was adopted:

**VOTED:** See text of Vote at **Exhibit C**.

Voting in favor of the foregoing were: Mr. Verrecchia, Mr. Wadensten, Mr. Sullivan, Mr. Subramaniam, Mr. Singleton, Dr. Babineau, Mr. Choquette, Mr. Nee, Ms. Cupelo, Dr. Dooley and Mr. Lane.

Voting against the foregoing were: None.

Following the vote, Mr. Osada thanked the Board for its support. Upon inquiry of Governor Carcieri, Mr. Osada stated that Toray's electricity costs for 2010 will be \$35 million.

**5. FOR APPROVAL OF PROJECT STATUS FOR YARDNEY TECHNICAL PRODUCTS, INC.**

Mr. William Parsons, Deputy Director of the RIEDC, presented the request of Yardney Technical Products, Inc. ("Yardney") for EDC Project Status benefits. He introduced Mr. Vincent Yavoli, President of Yardney, Mr. Gerry Lavallee, of CB Richard Ellis, and Mr. William Sequino, East Greenwich Town Manager, all of whom were present to support the request and to answer questions. Assuming Project Status is granted, Yardney plans to relocate to East Greenwich, Rhode Island from Connecticut within the next 6 to 12 months.

Mr. Tim Cole, EDC's Senior Strategy and Resource Manager, reviewed the Economic Impact Analysis provided to the Board for this request (See **Exhibit D.**) He explained that projects awarded Project Status by the EDC are exempt from Rhode Island sales tax on construction materials and equipment, furniture, fixtures, machinery, computers and equipment for the facility that are not already exempt from sales tax under other provisions of the State law. Mr. Cole further explained that a company achieves consideration for Project Status if its project yields a minimum of 100 full time jobs and only the jobs that exceed the median annual wage by 5% qualify for sales tax refunds. Yardney plans to invest \$12.5 million in its new location and provide 165 jobs over the next 3 years at an average \$55,000 annual salary.

Mr. Stolzman explained that the EDC works together with the Division of Taxation to insure that the Project Status requirements are actually met. The Company will have to provide semi-annual reports to the EDC and the Division of Taxation. In the event of a default, the sales tax refunds will be recalled by the State. Mr. Stolzman noted that there has only been one default by a company that was given Project Status since the program started in the 1990's and the income taxes received by the State far exceeded the sales tax benefits.

It was noted that the Division of Taxation, under the guidance of Director David Sullivan, and the Department of Labor and Training have undergone software improvements to better keep track of whether or not a company is meeting its Project Status requirements.

Governor Carcieri, noting that Yardney has been working for a year and a half to relocate to Rhode Island, asked Mr. Vincent Yavoli to explain what the company does.

Mr. Yavoli explained that the company started in 1944 to design, develop and manufacture batteries based on silver-zinc and silver-cadmium technologies. The company manufactures a highly specialized type of battery, primarily for federal

government uses. He explained that the Mars rovers use Yardney's lithium-ion ("Lithion") batteries.

The company is seeking to acquire and renovate an existing 140,000 sq. ft. facility on Route 2 in East Greenwich, formerly occupied by Cherry Semiconductor.

Upon motion duly made by Mr. Sullivan and seconded by Dr. Babineau, the following vote was adopted:

**VOTED:** See text of Vote at **Exhibit D.**

Voting in favor of the foregoing were: Mr. Verrecchia, Mr. Wadensten, Mr. Sullivan, Mr. Subramaniam, Mr. Singleton, Dr. Babineau, Mr. Choquette, Mr. Nee, Ms. Cupelo, Dr. Dooley and Mr. Lane.

Voting against the foregoing were: None.

**6. FOR INDUCEMENT APPROVAL OF OCEAN COMMUNITY YMCA FINANCING.**

Mr. Steven Noack, Financial Portfolio Manager for the RIEDC, presented the request of Ocean Community YMCA ("OCY") for the issuance of up to \$5,450,000 in revenue bonds. He introduced Ms. Maureen Fitzgerald, President and CEO of OCY, and Mr. Tom Fitzgerald, representing Washington Trust Company, who were present to answer any questions. Details of the request can be found at **Exhibit E.**

Mr. Noack explained that the revenue bonds are being requested to facilitate the renovation, modernization and expansion of the Westerly YMCA, which has been in existence since 1928. The renovations will increase the size of the Westerly facility by 8,059 sq. ft. The total cost of the project is projected at \$7.2 million, much of which is being sought through a capital campaign. The capital campaign has raised \$3.4 million as of September 30, 2010, and it is anticipated that the campaign will achieve \$4.8 million by December 31, 2010. There is no risk to the RIEDC, which will serve as conduit financing for the bond transaction, which will be financed through Washington Trust Company.

Mr. Stokes noted that the Corporation has assisted other nonprofits in this manner in the past.

There being no further discussion to come before the Board, upon motion duly made by Mr. Verrecchia and seconded by Mr. Choquette, the following vote was adopted:

**VOTED:** See text of Vote at **Exhibit E.**

Voting in favor of the foregoing were: Mr. Verrecchia, Mr. Wadensten, Mr. Sullivan, Mr. Subramaniam, Mr. Singleton, Dr. Babineau, Mr. Choquette, Mr. Nee, Ms. Cupelo, Dr. Dooley and Mr. Lane.

Voting against the foregoing were: None.

There being no further business in Public Session, the meeting was adjourned at 4:50 p.m., upon motion made by Mr. Wadensten and seconded by Mr. Sullivan.

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Robert I. Stolzman, Secretary

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